Scheme for interest subsidy on long-term loans to textile projects / units set up in Maharashtra during 2011-17 linked with Centrally Sponsored TUF Scheme.

Government of Maharashtra
Cooperation, Marketing and Textiles Department,
Government Resolution No. Policy-2012/C.R. 1/Tex-2.
Mantralaya, Mumbai-400 032.
Date : 1st March, 2012.

Read :- 1] Government Resolution No. Policy-2011/C.R. 335/TEX-2 dated 2 January,2012.
2] Ministry of Textile, Government of India, Govt. G.R. No. 6/5/2011-TUFS dt. 28 April, 2011.

Introduction. :-

The new textile policy of the Government of Maharashtra has been announced by the Government Resolution dated 2 January, 2012 under reference No. 1 above. In respect of Item No. 3[a] in the said policy, the matter was under consideration of the Government to issue a detailed Government Resolution regarding implementation of the interest subsidy scheme linked to the centrally sponsored TUFS scheme.

Government Resolution. :-

The Government hereby gives its approval to the scheme of interest subsidy on long-term loans, which is linked to the Centrally Sponsored TUFS scheme.

1] **Scheme of interest subsidy on long-term loans linked to the Centrally sponsored TUF scheme. :-**

[a] For the purpose of this scheme, either 12.5% or Banks' prime lending rate or the rate of interest actually charged, whichever rate is less, will be taken as applicable rate of interest.

[b] The benefit under the said scheme will be admissible for newly set up textile units in the State as well as modernization/ expansion/ rehabilitation of existing textile units.

[c] The State will provide financial assistance in a manner that effective rate of interest payable by the eligible units will be 0% or 2%. Taking into account assistance from all the sources (Centrally Sponsored TUF Scheme, industrial policy of the State etc.)

[d] The units to be charged 0% and 2% rate of interest are as under :-

Sr. No.	**0% rate of Interest.**	**2% rate of Interest.**
1.	All eligible textile units in Vidarbha, Marathwada, North Maharashtra, Konkan and D+ Industrial Areas.	Private cotton mills in areas other than Vidarbha, Marathwada, North Maharashtra, Konkan and D+ Industrial Areas.
2.	Garmenting in the entire State.	-
3.	New Powerloom Industries based on modern technology in the whole State.	Private Processing Units.
4.	Modernization of Powerlooms in the whole State.	Private Knitting units.
5.	All types of silk projects in the entire State.	
6.	All eligible textile units in the cooperative sector.	All other eligible private textile units.

[e] As regards those textile projects which have availed of the benefit of capital/ margin money subsidy instead of interest subsidy as per serial numbers [iii], [iv], [ix] and [x] below Para 6 of the Government Resolution dated 28 April, 2011, pertaining to the centrally sponsored TUFS scheme, only that much interest subsidy will be admissible to such projects, which they would have got under the State Government's interest scheme, if they had taken interest benefit under the centrally sponsored TUFS.

2] **<u>Projects eligible for interest subsidy scheme</u>**. :-

[a] Projects sanctioned on or after the date 1.4.2011 under the Centrally sponsored TUFS but excluding the jute industry in Para 7[I]C in the Government Resolution dated 28 April, 2011 in respect of Centrally sponsored TUFS.

Project sanctioned under the Centrally sponsored TUF scheme means projects which have received UID numbers from the Textile Commissioner, Government of India, after being sanctioned by Nodal agencies, or financial institutes /Banks co-opted by the nodal agencies.

[b] Textile units set up in the State of Maharashtra.

[c] However, as regards projects, which have been sanctioned on or after the date 1.4.2011 till the date of issue of this Government Resolution, the benefit will be admissible to such projects from the date of this Government Resolution.

[d] Project proposals of Textile Units sanctioned by the Bank on or before the date 31st March,2011, shall not be eligible for this scheme.

[e] Under the scheme, the interest subsidy will be admissible to private and cooperative projects.

[f] Projects which have not received UID number from the Textile Commissioner, Government of India, shall not be eligible under the State scheme for interest subsidy.

3] **Duration of the Scheme**. :-

[a] Date 1.4.2011 to 31.3.2017.

[b] If Centrally sponsored TUFS scheme is discontinued or for any other reasons, the Scheme can be reviewed by the State Government without adversely affecting the claims of already approved units.

4] **Admissibility of Interest Subsidy**. :-

[a] After the interest subsidy becomes admissible under the Centrally sponsored TUFS scheme.

[b] If, for some reasons, a unit delays repayment of an installment, the interest charged by the institutions for the period of delay, and the penal interest will not be reimbursed.

5] **Cost of Projects**:-

There will be no ceiling on investment in a project. However, the interest subsidy will be payable on the amount of long term loan admissible for the purpose of the interest scheme under the Centrally sponsored TUFS.

6] **Period of reimbursement**. :-

Under this scheme the total period of reimbursement of interest subsidy shall be 7 years, which will include 2 years of moratorium on the lines of provisions under para 6(xiii) of Centrally Sponsored TUF Scheme dated 28th April 2011.

However, if the period of implementation of the project is more than 2 years, then the period for implementation to be taken into account, shall be only 2 years for calculating the interest subsidy. The period of implementation will be counted from the date of disbursal of first installment of the loan.

The admissible reimbursement of interest will be quarterly. But the said reimbursement will be admissible for either seven [7] years or the actual period of repayment fixed by the bank/ financial institution while sanctioning loans, whichever period is less. Banks may give loans for a period exceeding 7 years but the interest subsidy shall be admissible for 7 years only. The said period will include 2 years' for implementing the project. If a project turns out to be a non- performing asset [NPA], the interest for that period shall not be reimbursed. However, after a project comes out of non-performing asset status, reimbursement of interest will be admissible from that date. In case loan is restructured the assistance of interest subsidy shall not be more than originally scheduled repayment.

Where projects have been sanctioned after 01.04.2011, but before the issue of this G.R. & first installment of the loan have been disbursed before the

issue of this G.R., then the period between the disbursal of first installment and issue of this G.R. shall be counted towards Seven year period admissible for interest subsidy.

7] **Items to be taken into account for calculating the admissible interest subsidy**. :-

For the purpose of calculating interest subsidy, it shall be determined on how much loan amount the interest subsidy will be payable in the relevant three-monthly period, the rate of interest for the purpose of interest subsidy should be fixed and the interest subsidy available under the Centrally Sponsored TUFS scheme, should be reduced. For calculating the eligible interest subsidy, the interest subsidy available under the State Government's industrial policy shall also be reduced.

The amount of loan admissible for the purpose of interest subsidy is determined in Para-5. For calculating this amount banks shall maintained account of repayment in a manner prescribed under Para No. 7(ii)(3.8) of the Central Government order referred at reference No. 2 above. Only originally sanctioned admissible loan amount shall be considered for calculating the interest subsidy. Taking these criteria as the base, the amount of admissible loan should be worked out for the purpose of calculating the interest subsidy in the quarter for which interest subsidy is proposed.

Under the said policy, 12.5% is the maximum rate of interest permissible. As regards the quarterly period for which the proposal of interest subsidy is received, either the interest actually charged or the prime lending

rate fixed by Banks for that quarter or 12.5%, whichever rate is less, should be considered. Under the Para 1[d] of the said policy, reimbursement of interest subsidy is to be regulated in a manner that effective rate of interest is 0% or 2%. This will vary with type and location of the project as given in para 1(d) of this order. On this basis interest subsidy payable on admissible loan for the concern quarter shall be calculated. The amount of interest subsidy due to the unit under the Central Government's TUFS scheme, should be deducted from the above calculations. (Keeping in view provision under Para 1(e) of this order)

The interest subsidy admissible to the unit concerned in a year under the State's industrial policy, should be divided into 4 equal installments and deducted from the interest subsidy due under this scheme quarterly.

The interest subsidy payable for each quarter should be calculated as above. No penal interest shall be admissible while doing so.

8] **Responsibility of Banks, Nodal Agencies and Other Financial Institutions**. :-

[a] This scheme will be implemented with the collaboration of Banks and Financial institutions, on the pattern of the Central Government's TUFS scheme. For that purpose, the responsibility of the Banks or Financial Institution concerned shall be as under.

[b] In Government of India TUF Scheme number of financial institutions and banks have been designated as Nodal agencies. These Nodal agencies have co-opted number of other financial institutions and banks for

implementing the scheme. They are also allowed to co-opt other financial institutions and banks. Similar arrangement shall operate under the State Scheme.

The Nodal agencies shall submit interest subsidy proposals to the State Government through the Director, Textile, Government of Maharashtra. The co-opted institutions and banks shall submit interest subsidy proposal to the State Government through respective nodal agencies and the Director, Textile, Government of Maharashtra.

[c] To submit information about sanctioned units and proposals of interest subsidies will be submitted in annexed Forms "A" and "B" respectively to the State Government online, through the Director, Textile, Government of Maharashtra.

It shall be obligatory to submit the information in Form "A" to the State Government through the Director within one week after receiving UID No. from the Central Government.

It shall be obligatory to submit in Form "B" proposals to receive interest subsidy, to the State Government through the Director, Textile, Government of Mahrashtra online within one week of receiving the interest subsidy for the relevant quarter from the Central Government.

[d] To submit proposals of interest subsidies in Form "B" annexed hereto, together with accounts of the funds given to them previously by the Government, a certificate regarding application/use thereof and the below

mentioned certificates, should be submitted to the Government through the Director, Textile, Government of Maharashtra.

[i] Certificate of verification to the effect that the machinery purchased and actually erected is according to the machinery prescribed in the Centrally sponsored TUFS scheme.

[ii] Certificate to the effect that the investment taken into account for the purpose of the interest subsidy is only as much as the investment approved by the Central Government for grant of interest subsidy under the TUFS Scheme.

[iii] Certificate that the project was sanctioned within the period permissible for the purpose of the State Government's interest subsidy scheme.

[iv] Certificate that the information given in Forms "A" and "B" is true.

[v] Certificate that the amount of penal interest is not included in the amount of the interest subsidy claimed.

[vi] As mentioned in Para No. 7[ii] (3.8) of the Government Resolution under reference Sr.No.2, if the total amount of loan includes both types of loans, viz. Loan approved under TUFS and Loan not approved under TUFS, then to give a certificate to the effect that adjustment was made at the time of repayment in the same way in which the loan was disbursed for the items of Loan approved under TUFS and Loan not approved under TUFS at the time of disbursing loans.

[vii] Certificate that EXCESS amount has not been claimed.

[e] For the purpose of allocating funds under this scheme, a separate account should be opened in the Nodal Branch of each nodal agency/Bank. The amount disbursed by the Government, i.e. the amount of the grant payable under the said scheme, must be deposited in this Account first. Out of the said account, the amounts payable to the units concerned should be deposited in the term loan account of the unit concerned. Accounts should be maintained in respect of the balance amount in the said account. Interest on the balance amount should be credited at the prevailing rate; and the amount of interest accruing on the balance amount in the account will be deposited in the Government's consolidated fund every quarter. [The accounts' head will be communicated to the banks concerned separately].

[f] As regards the amounts disbursed by the Government under this scheme to the nodal agencies/banks for the purpose of disbursing grants payable to the units concerned, such amounts shall be used only for the purpose for which they are given. [If a Bank uses the said amount for another purpose, the said amount shall have to be repaid together with 10% interest to the Government in one installment.

9] **Responsibilities of the Director, Textile, Government of Maharashtra** :-

1] While submitting information in Form "A" the nodal bank/financial institution concerned will submit information as to whether the unit is in the cooperative sector, based on the information given in the project report. This information shall be got verified/ ascertained through the

Registrar concerned and certified to that effect by the Director, Textile, Government of Maharashtra.

2] It should be certified whether project is in Vidarbha, Marathwada, North Maharashtra, Konkan and D+ Zone or not.

3] Interest subsidy to a certain extent is permissible under the industrial policy 2006 of the State Government's Industries Department. The maximum period of this subsidy is 7 years. As regards those project which are eligible under the said Government Resolution, the interest subsidies payable to such projects during the period of reimbursement under the State's industrial policy, should be checked/ascertained through the Industries Department, and certified to that effect and adjusted for finalizing the claim.

4] Proposals of interest subsidies submitted by nodal banks/financial institutions under the State Government's interest subsidy scheme, should be checked to ensure that such proposals are according to the provisions of the Government Resolution and that the calculation of interest claim is correct and then the proposal should be submitted online to the State Government.

10] **Procedure to disburse interest subsidy**. :-

Nodal institutions/banks will submit their proposals of interest subsidy in Form "B" directly to the Director, Textile, Government of Maharashtra. However, co-opted Banks/ co-opted financial institutions will submit their proposals to the Director through the nodal banks concerned. It shall be obligatory to submit proposals of interest subsidy together with the certificate, mentioned in Para 8[d] of this order to the Director, Textiles,

Government of Maharashtra. It shall be obligatory to submit the proposal of interest subsidy to the Director, Textile, Government of Maharashtra, within one week of receiving the interest subsidy from the Central Government for the relevant quarter.

On receiving a proposal of interest subsidy, the Director, Textile, Government of Maharashtra will scrutinize the proposal and submit a complete proposal to the State Government online. While doing so, it shall be obligatory for the Director to certify the items prescribed in Para-9.

On receiving the proposal from the Director, Textile, Government of Mahrashtra, the Government will check/ascertain it and after sanctioning deposit the funds in the account, opened in a nodal Bank. From that account, the concern Bank or financial institution will deposit the approved funds in the long-term loan account of the units concerned.

11] **Online monitoring of the Scheme**. :-

[a] A programme will be got prepared from the National Information Technology Centre [NIC] to monitor the said scheme online.

[b] Information about a project and information about the claim for admissible interest subsidy will be submitted in Forms "A" and "B" annexed hereto by nodal agencies/banks to the State Government online through the Director, Textile, Government of Maharashtra.

[c] Financial institutions will be provided user ID and password for filing up the information online.

12] **Other terms and conditions**. :-

[a] Projects which are eligible under this scheme shall be viable. Other condition shall be according to the current criteria of the Banks.

[b] Units having a good history and performing assets will be eligible.

[c] Units concerned, are required to ensure that working capital will be available.

[d] The provisions of para g,h,k,l,p and q in Chapter III of the Government Resolution under reference No.2 in respect of the centrally sponsored TUFS scheme, will apply to this scheme.

13] A new accounts head will be opened with the concurrence of the Accountant General and the Government for making a budgetary provision for the said scheme.

14] This Government Resolution is issued with the concurrence of the Planning and Finance Departments received by unofficial reference No. 07/1431 dated 17.1.2012 and unofficial reference No.58/2012/EXP-2 dated 21.2.2012.

By order and in the name of the Governor of Maharashtra.

[R. M. Ade]
Under Secretary to the Government of Maharashtra.

Copy to :-

Secretary to the Governor.
Principal Secretary to the Hon'ble Chief Minister, Mantralaya, Mumbai.
All Hon'ble Ministers [through Private Secretaries], Mantralaya,

Mumbai.
All Hon'ble State Ministers [through Private Secretaries], Mantralaya,
Chief Secretary, Government of Maharashtra. Mantralaya, Mumbai.
All Additional Chief Secretaries/Principal Secretaries/Secretaries, Mantralaya, Mumbai.
All Mantralaya Departments.
All Divisional Commissioners.
All Collectors,
Commissioner, Textile, GOI, Mumbai,
Director [Textile], Directorate of Textile, Nagpur.
Director General, Directorate of Information & Publicity, Mantralaya, Mumbai.
Accountant General, Accounts and Admissibility, Maharashtra-1, Mumbai.
Accountant General, Audit, Maharashtra-1, Mumbai.
Accountant General, Accounts and Admissibility, Maharashtra-2, Mumbai
Accountant General, Audit, Maharashtra-2, Mumbai.
Chairman of all nodal financing institutions/banks and co-opted Financing institutions.
Managing Director ……………………………………..
All regional Deputy Director Textile.
Selection File [TEX-2].

(Annexure of G.R.No.Policy-2012/CR-1/Text-2, dated 1st March 2012)

FORM - 'A'

Information about loan sanctioned under TUF Scheme of Government of India

1	Name of lending agency.	
2	Name of the nodal agency.	
3	IFSC	
3	PAN number of the unit	
4	MICR	
4	IEM/DC(SSI) number	
5	ECN in case of co-opted PLIs.	
6	Name and address of unit.	
7	SSI/Non-SSI	
8	Existing / new unit	
9	Unit categary	New or Existing
10	If existing whether rehabilitation or modernisation or expansion.	
9	segment	
10	Project cost sanctioned (Rs.)	
11	Date of sanction of term loan	
12	Term loan sanctioned (Rs.)	
13	Term loan eligible under TUFS (Rs.)	
14	Repayment period inclusive of moratorium/implementation	From - To
15	Moratorium/implementation period	From - To
16	Datewise disbursement pattern.	
17	Quarterwise subsidy (along with specific date of quarter) for the period of seven years of actual whichever is lower under Government of India Scheme.	
18	UID number given by TC	
19	Date of UID number	
20	Whether unit co-op. or otherwise	
21	Employment potential	
22	Applicable rate of interest subsidy under TUF.	
23	Rate of interest applied to the loan by the Bank during sanctioning of the project.	
24	E-mail address of the unit.	
25	State identification number (to be automatically generated by Computer)	

(Annexure of G.R.No.Policy-2012/CR-1/Text-2, dated 1st March 2012)

FORM - B

FORMAT FOR ONLINE APPLICATION BY LENDING AGENCIES APPLYING FOR CLAIM OF INTEREST SUBSIDY UNDER INTEREST SUBSIDY SCHEME OF GOVERNMENT OF MAHARASHTRA

1	Name and address of lending agencies	
2	Name of the nodal agency	
3	State Identificatiion No.	
2	IFSC Code	
3	MICR Code	
4	Borrowers Term Loan Account Number	
5	Pan	
6	Name and address of the Unit with Taluka and District.	
7	Period from which subsidy claim is	
8	Weighted average rate of interest applicable during the quarter	
9	PLR of the Bank during the quarter	
10	Effective rate of interest to be applied to the unit.	
11	Rate of interest to be applied for calculation of interest subsidy for the State scheme.	
12	Interest due for the quarter for TUFS admissible loan .	
*13	Interest due from the Industries Department, GOM during the quarter.	
14	Interest due from GOM during the quarter.	
15	Amount of interest subsidy to be paid under the State scheme for the quarter.	
*16	Interest subsidy amount approved by D.T. of GOM	

* To be filled by Director Textile, Government of Maharashtra.

Note : 1. In case of sharing cases (consortium financing) the project cost may be indicated by the lending agency, which has sanctioned maximum amount of loan to the unit to avoid double counting. However, the amount sanctioned and amount disbursed may be indicated by each of the lending agency for the amount sanctioned and disbursed by them respectively.

2. Prescribed Certification under State Scheme to be enclosed.(As per para 8(D) of this G.R.